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C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 002535

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SUBJECT: DASD CLAD MEETING WITH INDIA'S DEFENSE SECRETARY

Ref: A) DIRNSA Z-3/00/510218-08
B) DIRNSA Z-3/00/503409-08
C) DIRNSA Z-3/00/514055-08j
D) DIRNSA Z-3/00/514437-08

Classified By: Ambassador David Mulford for Reasons 1.4 (B, D)

1. (SBU) Summary: On September 17, US Deputy Assistant Secretary of Defense for South and Southeast Asia and the Chief, Office of Defense Cooperation (ODC) New Delhi, met with India's Defense Secretary, Vijay Singh. The purpose of the meeting was to reiterate to the senior most permanent official at India's Ministry of Defense that his country's continued failure to agree on End Use Monitoring (EUM), Enhanced End Use Monitoring (EEUM), and on the Communications Interoperability and Security Memorandum of Agreement (CISMOA) will shortly begin to impact the sale and delivery of US military equipment to India. End Summary.

US POSITION

2. (SBU) DASD Clad began the meeting by reviewing the requirements of US law governing foreign military sales with special attention to EUM and EEUM. Over 80 countries around the world have acquiesced in these legislative requirements. He then listed some ongoing and anticipated sales to India that will be affected if the issue is not resolved. He further noted the length of time that these issues have been under discussion and referenced the comments made in this regard by Secretary of Defense Gates to Defense Minister Antony during their recent meeting at the Pentagon. DASD Clad further referenced the likely impact on US defense procurement from India's continuing failure to approve the CISMOA despite high level assurances over the past three years to senior U.S. officials that approval of CISMOA and other foundational agreements was imminent. As specific examples of items for which sale and/or delivery are now in peril, DASD Clad mentioned Harpoon missiles and Sensor Fused Weapons.

DEFENSE SECRETARY REACTION

3. (SBU) Defense Secretary Singh noted that he was "as concerned as anybody" and appeared embarrassed as he listened to the DASD's

recitation of non-fulfilled assurances and impending consequence of this on delivery of specific defense items. He stated that Indian objections to EUM were not "something fundamental." The one specific issue he raised regarded the impact of potential future changes in US law. How would changes affect EUM/EEUM requirements on sales already concluded?

14. (SBU) He stated that this and other specific issue had been raised by the Ministry of Law and the Services and noted that "Those concerns have now been essentially resolved." He indicated that Indian text for EUM and CISMOA are being prepared. He anticipated it would be transmitted to the Indian Embassy in Washington. Additional Secretary Radha Krishna Mathur (since this month, the second highest ranking permanent defense official) will be the next senior MOD official to visit Washington. He will be taking part in the Senior Technology Security Group (STSG). "We may ask him to stay on and work with you on this issue. Alternatively we might leave Jassal (i.e., Raminder Singh Jassal Deputy Chief of Mission at the Indian Embassy, Washington) to resolve the matter for us." He closed by noting that "this has to be done."

Comment

15. (C) Comment. The prospect that DCM Jassal might remain the GOI's sole channel for working this issue is of great concern, and one the USG should actively move to prevent. First, Jassal is expected to depart Washington very soon to assume an appointment as Indian Ambassador to Turkey; this alone limits his effectiveness. More fundamentally, he has proven himself untrustworthy and injurious to

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progress in resolving EUM/EEUM as well as other foundational agreements. Refs (a) through (d) reveal outright hostility to improved India-US relations. Post recommends further engagement on this issue should bypass Jassal, either by going over his head to Ambassador Sen or (preferably) via Delhi. Given Mathur's new position and the dictum from his boss that "this thing has to be done." Post suggests we test Mathur as a potential champion of this case. Regardless, the message has been delivered in forthright terms that sales and delivery will soon be affected if no resolution on EUM is reached. That said, we expect a real deadline and real consequences will be required to properly motivate the GOI, with outright cessation of delivery or sale being a distinct possibility to drive home the point. Post also recommends senior US commanders convey concern over the present impasse when communicating with their opposite numbers in the Indian services, as appropriate.

16. (C) Ambassador's Comment. Resolving EUM with India will require the US to draw a clear line beyond which the government cannot go. It may be necessary to identify unambiguously to the Indians a weapons system that we will not sell without agreement on EUM/EEUM and completion of the required inventory on Night Vision Devices already in Indian possession - by a specified date. Such an ultimatum could only be delivered at the highest level, such as via a letter from Secretary Gates to Defense Minister Antony. The Ambassador proposes that DOD scrutinize carefully upcoming sales, assess the fallout if a sale is lost and present to the GOI a stark choice: either comply with US law or forgo defense modernization via procurement of US cutting-edge equipment. It should be noted that US companies involved in the Indian Air Force Medium Multi-role Combat Aircraft competition are about to spend very large sums of money conducting flight tests with the possibility that even if selected, sale of their aircraft will not be approved. We should test the GOI's intentions before this happens. End comment.

17. (U) DASD Clad has cleared this cable.

MULFORD